

# DIVISION OF ACCOUNTS AND REPORTS POLICY AND PROCEDURE MANUAL

Revision Date 04/04/03

Date Issued 04/85

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## SUBJECT

Imprest Funds

## PURPOSE

To establish guidelines, policies and procedures that apply to imprest funds established by state agencies.

## AUTHORITATIVE REFERENCE

K.S.A. 75-3072

K.S.A. 75-3073

K.S.A. 75-3075

K.S.A. 75-3076

K.S.A. 75-3078

## GENERAL INFORMATION

***Authorized Use of Imprest Funds.*** K.S.A. 75-3072 and 75-3078 prescribe the use that may be made of the authorized local imprest funds. The authorized uses are:

1. To provide for the establishment of change funds within imprest funds (see PPM filing 9,100).
2. To provide for transactions which demand immediate attention. In general, the imprest fund is to be used in exceptional situations. Payment vouchers, and all other documents used in making payments against funds in the State Treasury *may be processed daily* through the central accounting system. This will allow warrants or electronic payments to be created and forwarded to the vendor in sufficient time to permit agencies to make timely payments without using the agency's imprest fund.
3. Advances may be made from imprest funds established under authority of K.S.A. 75-3072, *except that advance payments for certain types of travel listed in (a) and (b) below* must be made in accordance with the procedures outlined in this document.
  - a. Advance payment for traveling expenses is authorized in hardship cases and in exceptional circumstances such as when the traveler is required to handle the traveling expenses of other persons, such as students, patients or inmates, in addition to his/her own. (See K.A.R. 1-16-1a)
  - b. Advance payment for travel of a routine nature, outside the continental United States is authorized as documented below. For international

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travel not of a routine nature, the Division of Accounts and Reports must be advised on an individual basis as the occasion arises.

4. To pay amounts to employees to correct payroll errors. Under provisions of K.S.A. 75-3072, in no event may any such imprest fund be used to pay regular employee salaries, *except that imprest funds may be used to pay amounts to employees to correct payroll errors* in accordance with procedures and limitations adopted therefore by the Director of Accounts and Reports and approved by the Secretary of Administration.

The use of the imprest fund to pay amounts to employees to correct payroll errors is authorized when the agency determines that the use of existing payroll procedures to reimburse the employee (e.g., retroactive earnings adjustment on next paycheck or paycheck adjustment in the next off-cycle warrant), would create a financial hardship for the employee.

**Agency Responsibility.** The agency is responsible for the safety of the imprest fund and must use utmost care in limiting the use of imprest funds to those described in this filing.

**Local Funds.** Funds are to be maintained in local banks as set out in K.S.A. 75-3076. Disbursements shall be made by imprest check which shall show the purpose of the disbursement and be signed by the claimant as correct for an unpaid obligation.

A copy of each check should be retained for audit purposes by the agency and by the Legislative Division of Post Audit. The copy should be identical to the original check format except the signature block should have "VOID" printed on the signature line, or the signature block should be shaded.

**Local Purchase.** The agency should require the department or officer requesting the Imprest Fund Check to complete a payment voucher supporting the purchase of goods or services. This will indicate the fund to which the expenditure should be charged and allow for review and approval by the designated agency official.

**Monthly Reconciliation / Reimbursement From the State.** Reimbursement of the local imprest fund from the current budget will be made only for approved uses and on the basis of a payment voucher completed with a description of the purchase or the purpose of payment. This procedure is set out by K.S.A. 75-3073 and provides for the filing of an itemized and detailed statement of payments at the close of each month and/or more often if necessary to reimburse the imprest fund. Form DA-153, Monthly Imprest Fund Reconciliation, must be completed by the agency and filed with the Director of Accounts and Reports even if there is no activity during the month.

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The agency signature block of the reimbursement voucher must be completed. A vendor's certification will have been completed by endorsement on all the original imprest fund checks.

The Director of Accounts and Reports will draw a warrant for the reimbursement voucher against the funds out of which said payments would have been made had they not been paid out of the imprest fund. Reimbursement vouchers may be filed as often as necessary to meet the demands of the spending agency. The imprest fund must be reimbursed prior to the close of each fiscal year (See PPM filing 14,002, Fiscal Year Closing of Obligations).

**# 1099 Reportable Payments.** Agencies that process any IRS 1099 reportable payments from an imprest fund are responsible for submitting a SOKI<sup>3+</sup> journal voucher to record the expenditure against the correct vendor record. The journal voucher should be prepared at the same time as the payment voucher. For the first funding line use transaction code 780, reversal code "R", and the vendor number of the imprest fund. Then a funding line using transaction code 780 and the payee's vendor number is entered. The vendor number for the payee to be charged must be established in STARS prior to processing the journal voucher. In the comment section of the journal voucher, type "for 1099 purposes". If the voucher is processed under the agency's delegated audit authority, please select "deleg" in the origin field. Please list the journal voucher number on the payment voucher.

An example of how to prepare the Journal Voucher is below:

Line# 1236	Sfx 01	Origin Deleg	OrigDoc# V0000001	T/C 780	Ref.Doc	Sfx	M	Agy 000	Fund 0000	BFY YYYY	Index 0000	PCA 00000	Sobj 2690	R R
	Description				Vendor Number Imprest		Sfx NR	Agency Use			Amount 100.00			
Line# 1237	Sfx 02	Origin Deleg	OrigDoc# V0000001	T/C 780	Ref.Doc	Sfx	M	Agy 000	Fund 0000	BFY YYYY	Index 0000	PCA 00000	Sobj 2690	R
	Description				Vendor Number 123456789		Sfx 00	Agency Use			Amount 100.00			

1099 reportable expenditure sub-object codes are denoted in PPM Filing 7,002 with the "\*\*\*" sign.

Please contact the Appropriations/Master Lease Purchase Team to ensure that any reporting exemptions your agency may previously have been granted are still valid based on the current IRS reporting requirements.

Additional information regarding the vendor file may be found in Policy and Procedure Manual Filing No. 11,749.

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Additional instructions on completing journal vouchers can be found in the [Journal Voucher Module Users Guide](#) located at <http://da.state.ks.us/ar/genacct/soki3/JV-UsersGuide.htm> as well as the SOKI<sup>3+</sup> help files.

***Cancellation of Checks Outstanding Six Months or More.*** K.S.A. 75-3076 requires the cancellation of any check not presented for payment and outstanding for a period of six (6) months or more. Upon canceling any such check, the agency shall make appropriate entries in the imprest fund records (usually the DA-152, Checkbook Record – Imprest Fund) opposite each check so cancelled, showing the cancellation date, referring to this act as authority for such cancellation.

***Sample Forms.*** The following sample forms are associated with the imprest fund process, and are included with this filing or are available at the Department of Administration web site, <http://da.state.ks.us/ar/forms/default.htm>. These include:

- DA-152, Checkbook Record – Imprest Fund;
- DA-153, Monthly Imprest Fund Reconciliation;
- DA-154, Imprest Fund Maintenance;
- Application to the Pooled Money Investment Board (included in this filing);
- Request for Payment from Imprest Fund to Correct Payroll Error (included in this filing).

Similar or equivalent forms may be used subject to the approval of the Director of Accounts and Reports.

***List of all Imprest Funds.*** K.S.A. 75-3076 requires the Director of Accounts and Reports to maintain a complete list of all imprest funds authorized under K.S.A. 75-3072, the limit thereon and the local bank in which the fund is deposited. Agencies should notify the Division of Accounts and Reports when changing banks or of any other changes to the account (e.g., bank name, etc.).

***Losses of imprest fund cash*** or from change funds may be restored in such fund in amounts not to exceed \$100 in any reconciliation statement for an imprest fund. In cases of extraordinary losses resulting from robbery, burglary or other disappearances infrequently occurring, an imprest fund may be reimbursed by the state agency from an appropriation available therefor, but such reimbursements shall not exceed a total amount of \$2,000 in any fiscal year. This reimbursement is made on the basis of an itemized detailed reconciliation (and/or written explanation) and a DA-120 payment voucher using an appropriate agency funding source.

## **PROCEDURES**

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## *Establishing an Imprest Fund*

Responsibility	Action Step
Agency	1. Determine that the agency has a need to establish an imprest fund. Determine appropriate amount for imprest fund. Complete Form DA-154, Application for Imprest Fund, and submit completed form with the appropriate box checked, to the Division of Accounts and Reports, Audit Services Team.
Audit Services Team	2. Review Form DA-154, and obtain appropriate approvals. File the original copy and return a copy of the approved form to agency.
Agency	3. # Submit "Application to the Pooled Money Investment Board" for approval along with an approved DA-154. (Sample language is provided in this filing.)
Pooled Money Investment Board (PMIB)	4. Review application, obtain necessary approvals, and send letter to agency indicating PMIB approval for bank designation. A letter is also sent to the bank indicating the bank designation.
Agency	5. Upon receiving the approved copy of Form DA-154 from the Division of Accounts and Reports, and the approved bank designation from Pooled Money Investment Board, prepare Form DA-120, Payment Voucher, to advance the amount required to the imprest fund. Expenditure subobject code 7250, Advances to Imprest Funds, should be used. Attach copy of approved Form DA-154 to Form DA-120.
	6. Forward the payment voucher (and copy of approved DA-154) to the Audit Services Team of the Division of Accounts and Reports. Agencies with delegated audit authority should process the document in accordance with the agency's procedures.
Audit Services Section	7. Review and process the voucher and issue warrant form the central accounting system.
Imprest Fund Custodian	8. Contact the approved bank to open account and order checks (see diagram below for required language).

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Deposit the advance warrant received from the Division of Accounts and Reports into the imprest fund account.

## Sample Imprest Fund Check

Agency Name	
Imprest Fund #	09885
Address	
	Date
Pay to	
the order of	\$
	Dollars
For	
XXXXXXXX	XXXXXXXXXX
	XXXX

I hereby certify that the materials or services listed on the face of this check are correct, for unpaid, legally contracted obligations. Receipt of full payment is hereby acknowledged.

PAYEE

NOTE: KSA 75-3076 requires a statement on the imprest fund check to be signed by the claimant that the payment is correct and for an unpaid obligation (see example to the left). This statement may be printed on the back of the checks when ordered or a rubber stamp may be used to affix this statement to each check.

## Closing an Imprest Fund

Imprest Fund Custodian

1. # If the agency determines that the Imprest Fund is no longer necessary for agency operations, prepare a DA-120, Payment Voucher, to reimburse the Imprest Fund, ensure that all outstanding activity has cleared the imprest fund bank account, and take the necessary steps to close the account. Deposit the balance of the account

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in the State Treasury using a SOKI<sup>3+</sup> Receipt Voucher with revenue subobject code 6222, Refund of Advances for Imprest Funds.

2. Notify the Division of Accounts and Reports, Audit Services Team, that the account has been closed by completing the lower portion of Form DA-154, Imprest Fund Maintenance.

Audit Services Team

3. Note that the account has been closed and file form.

## *Travel Advances*

### **Responsibility**

### **Action Step**

Traveler

1. Present a document requesting an advance payment for travel to the individual (custodian) responsible for the imprest fund. The document should be signed by the traveler and the agency official responsible for authorizing travel.

Imprest Fund Custodian

2. Determine the amount to be advanced based on an estimate of the total cost of the proposed travel.
3. Prepare an imprest fund check payable to the traveler, completing the necessary voucher documents, obtaining the signatures and showing on the documents that advance payments were made.
4. Deliver the imprest fund check for the advance payment to the traveler.
5. Keep on file the agency copy of the advance payment voucher and travel authorization document. Attach the paid voucher to the authorization document and the agency copy of the voucher. Maintain file for review by the Legislative Division of Post Audit.

Note: Do not claim the travel advance amount on the voucher for restoring the imprest fund at this time. The balance in the imprest fund plus checks still outstanding added to the amount of advance payment vouchers shall total the authorized amount of the imprest fund.



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Traveler

6. Upon completing authorized travel, prepare the regular travel voucher reimbursement forms and submit the voucher with appropriate supporting documentation to the agency official.

Note: Travel voucher forms should be completed as specified in PPM filing 3,903 except that the imprest fund name, e.g. "Imprest Fund #\_\_\_\_", should appear in the vendor portion of the voucher. A reference to the traveler's name, e.g. "Travel advance for (employee's name)", should appear in the body of the voucher. The resulting state warrant will be made payable to the agency imprest fund.

State Agency

- 7a. If the travel voucher amount exceeds the original advance payment amount, issue another advance check to the traveler for the amount of the excess. The state warrant for the travel voucher will be deposited in the imprest fund, thereby liquidating the advance payments.
- 7b. If the travel voucher amount is less than the original advance payment or if the travel voucher is reduced by the Division of Accounts and Reports due to unallowable expenditures or setoff actions, the agency is responsible for obtaining the difference from the traveler to make up the total of the advance payment.

Note: Before the travel voucher is submitted for payment, the agency should review the voucher to assure itself that all the expenses claimed will be reimbursed under current travel reimbursement guidelines.

8. Forward the payment voucher to the Audit Services Team of the Division of Accounts and Reports. Agencies with delegated audit authority should process the document in accordance with the agency's procedures.

Audit Services Team

9. Review and process the voucher and issue warrant from the central accounting system.

State Agency

10. Deposit the state warrant received from the Division of Accounts and Reports into the imprest fund and, if



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applicable, any excess cash returned by the traveler per action step 7b.

11. Note the amount of the state warrant and the amount of any cash returned by the traveler on the agency copy of the voucher supporting the imprest fund advance.

## *Payroll Error Correction*

### **Responsibility**

### **Action Step**

Agency Payroll Officer

1. Present a document requesting a payment to an employee from the imprest fund to correct a payroll error to the imprest fund custodian (sample language is provided in this filing). The document should include a description of the type of payroll error (salary underpayment, erroneous payroll deduction, etc.) and the amount of the payment requested. The document should also include a wage assignment or power of attorney clause assigning the employee's right to any supplemental paycheck or paycheck adjustment processed to reimburse the employee. The document should be signed by the employee requesting the payment and the agency's payroll officer.

Imprest Fund Custodian

2. Upon obtaining the requested document described in action step 1, determine if the imprest fund needs to be increased above the authorized amount to pay the amount to the employee to correct the payroll error.

If the imprest fund needs to be increased, go to action step 3; otherwise, go to action step 7.

3. Submit Form DA-154, with appropriate box checked, to the Division of Accounts and Reports requesting that the agency's imprest fund be increased above the current approved amount.
4. Upon receiving the approved copy of Form DA-154 from the Division of Accounts and Reports, prepare Form DA-120, Payment Voucher, to advance the amount required to the imprest fund. Expenditure subobject code 7270, Temporary Imprest Fund Advances for Payroll, should be used. Attach copy of Form DA-154 to Form DA-120.

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- |                        |   |
|------------------------|---|
| Audit Services Team    | 5. Audit Form DA-120 and compare to attached approved Form DA-154. Forward resulting advance warrant to the state agency.   |
| Imprest Fund Custodian | <p>6. Deposit the advance warrant received from the Division of Accounts and Reports into the imprest fund account.</p> <p>7. Prepare and deliver imprest fund check payable to the employee. Obtain the employee's signature on the back of the check. <i>Note:</i> The date on the imprest fund check should not be dated before the date of the payroll warrant which was in error.</p> <p>8. Notify the agency's payroll officer that the payment to the employee has been made. Keep on file the agency's copy of the check, the employee's payment request document, and when returned from the bank, the paid check.</p>   |
| Agency                 | 9. Upon receiving notification from the imprest fund custodian that the payment to correct the payroll error has been made, the agency should initiate the appropriate action to recover the monies from the employee.  |
| Imprest Fund Custodian | <p>10. Deposit the payroll check or personal reimbursement into the imprest fund.</p> <p>a. If the payroll check or personal reimbursement is greater than the amount paid from the imprest fund to the employee due to an error in computing the amount requested, the imprest fund custodian will prepare and deliver an imprest fund check payable to the employee for the difference between the amount paid from the imprest fund to the employee and the amount of the payroll check or personal reimbursement.</p> <p>b. If the payroll check or personal reimbursement is less than the amount paid from the imprest fund to the employee due to an error in computing the amount requested, setoff, garnishment, tax levies, or other wage assignments, the imprest fund custodian</p> |

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or other designated agency official is responsible for obtaining the difference between the amount paid from the imprest fund to the employee and the amount of the payroll check or the personal reimbursement.

11. If an advance to the imprest fund was made per action steps 3 through 6, prepare an imprest fund check payable to the state agency to refund the advance.
12. # Prepare a SOKI<sup>3+</sup> Receipt Voucher to deposit imprest fund check into the same fund from which the advance was made. Revenue subobject 6227, Refund of Temporary Imprest Fund Advances for Payroll, should be used.

## **CONTACT SOURCES**

Imprest Fund:

Division of Accounts and Reports  
Central Accounting Services Section  
Audit Services Team

SHARP-related Questions:

Division of Accounts and Reports  
Payroll Services Section  
Payroll Processing Team

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*SAMPLE REQUEST*

**Application To Pooled Money Investment Board**

(Agency Letterhead)

Chairperson, PMIB  
Room 207-N, The Alfred M. Landon  
State Office Building  
Topeka, Kansas 66612-1220

Dear \_\_\_\_\_:

Re: Proposed \_\_\_\_\_ Imprest Fund

This office has received tentative authorization for creation of an Imprest Fund in the amount of \$\_\_\_\_\_ which is authorized under K.S.A. 75-3075. Pursuant to K.S.A. 75-3076, it is necessary that the Pooled Money Investment Board designates or approves a bank for purposes of handling this account.

It is the recommendation of this agency that the Pooled Money Investment Board designate the \_\_\_\_\_ as a depository for the \_\_\_\_\_ Imprest Fund

(Name of Bank)

No. \_\_\_\_\_ for the reason that \_\_\_\_\_.

Sincerely,

(Signed)

Chief Administrative Officer

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*SAMPLE REQUEST*

**Request for Payment from Imprest Fund  
to correct Payroll Error**

In accordance with K.S.A. 75-3072 (b), I, employee name, request a payment from the state agency Imprest Fund to reimburse me for the following described payroll error.

Description of Payroll Error	Pay Period Ending	Amount Requested
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I understand that by accepting the Imprest Fund payment, I am assigning to the state agency my right to any payroll check issued to reimburse me for the above described payroll error up to the amount of this payment from the Imprest Fund. I also understand that if notified that the paycheck assigned to the state agency was not approved or was reduced by the Division of Accounts and Reports due to computation errors, setoff, garnishment, etc., I will agree to reimburse the state agency by personal check the balance due the Imprest Fund within five (5) calendar days of such notification. If personal reimbursement is not made within five (5) calendar days, I understand that the state agency may refer the balance owed by me to the Imprest Fund to the Division of Accounts and Reports for setoff in accordance with K.S.A. 75-6201, *et seq.*

Therefore, I hereby assign to the state agency my right to any payroll check issued to reimburse me for the above described payroll error. Further, I authorize the state agency to deposit said payroll check into the state agency Imprest Fund and that I will reimburse the state agency Imprest Fund or be reimbursed from said Fund, as may be necessary, in order to reconcile any incorrect payments.

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(Employee's Signature)

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(Agency Payroll Officer's Signature)

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(Date)

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(Date)